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BIG BUSINESS EMISSIONS TRADING

AGAINST THE FINANCIALIZATION OF NATURE

The work of the commission of the German Parliament (*Bundestag*) on “Growth, Prosperity, Quality of Life – Paths toward a sustainable economy and social progress in the social marketplace” concluded in mid-April. One of the commission’s five project groups was titled “growth, resource consumption, and technical progress – possibilities and limits of decoupling” and focused on socio-economic issues.¹

In its final report the commission states that the European Union is a worldwide pioneer in achieving greenhouse gas (GHG) emissions reductions and that the EU has achieved their climate targets mainly through emissions trading. Emissions trading is seen as a substantial factor in achieving the energy transformation (*Energiewende*) and in limiting global warming to a maximum of two degrees Celsius.

We categorically object to these claims.

In reality, during the first commitment period, which lasted from 2008 to 2012, only a small number of the Kyoto Parties have achieved a GHG reduction (on average the target stood at a 5.2% reduction compared with emissions in 1990). Even Germany failed to reach the targets set by a cabinet decision in 1991. According to that decision, emissions in 2005 were to be 25% lower than in 1990 in the former West and reduced by a substantially higher amount in the former East.

The states that have achieved a reduction were either affected by deindustrialisation, such as the United Kingdom, or by a collapse of the economic system, as with the former member states of the Council for Mutual Economic Assistance. As a rule, the proactive development of a climate policy did not play any role.

In public debate the typically modest reductions in GHG emissions have often been criticised; at the same time, proposals have been made to preserve the EU emissions trading system. These proposals focus on reducing the oversupply in EU allowances in order to prevent a collapse in CO₂ prices.

This is intended to send a price signal to instigate abatement measures taken by those companies participating in emissions trading. Even though the EU emissions trading system (EU ETS) has no direct connection to post-Kyoto Protocol, the preservation of the system is seen as a precondition for the successful conclusion of international climate change negotiations.²

As a contribution to the debate, this position paper questions a number of fundamental assumptions: does the EU emissions trading scheme contribute in any meaningful way to the *Energiewende*? Is it a targeted and cost-efficient tool for achieving absolute reductions in GHG? Does it help prevent out-of-control, anthropogenic climate change?

The failure of the conference of the parties to the United Nations Framework Convention on Climate Change (UNFCCC) shows that a global climate treaty is still a long way away. The decision against fixed ceilings for GHG emissions per country and for a market-based incentive structure within the Kyoto Protocol was taken with relatively little warning and mainly as a consequence of pressure from the United States, Australia, Japan, as well as from large emerging economies. Most European countries as well as environmental NGOs were initially sceptical; whereas developing countries were explicitly opposed.³

However, after thorny negotiations emissions trading⁴ – among other instruments – was included in the Kyoto Protocol.⁵ Looking back, the insufficient reduction targets of the Kyoto Protocol have been diminished through the introduction of flexible mechanisms; in Germany, this has resulted in the elimination of the need for domestic emissions reductions, despite the fact that Germany was one of the few states that decided to pursue its own enhanced targets. It should be recalled that emissions trading, since its introduction in 2005, has been viewed as a stopgap measure to be replaced by 2020 with other instruments. Today, this is all the more evident as such stopgaps have hardly achieved any

¹ Three of the authors of this report document were members of project group 3. Their position, which went contrary to the majority findings, was attached to the February 18, 2013 draft report as a minority opinion. See: http://www.bundestag.de/bundestag/gremien/enquete/wachstum/Kommissionsdrucksachen/91_PG3_Bericht_Kapitel_7.pdf. Special thanks to Jutta Kill and Timmo Krüger for their critical input. ² See also Germanwatch: Der Gipfel von Doha: Aufbruch ohne Rückenwind. Analyse des UN-Klimagipfels 2012, p. 5; See generally: Altvater, Elmar/Brunnengräber, Achim (eds): After Cancún: Climate Governance or Climate Conflicts, Wiesbaden 2011. ³ Oberthür, Sebastian/Ott, Hermann E.: Das Kyoto-Protokoll. Internationale Klimapolitik für das 21. Jahrhundert, Opladen 2000, p. 244 ff. ⁴ Emissions trading between nations as laid out in the Kyoto Protocol must be distinguished from internal EU emissions trading between countries, which will be covered below. ⁵ According to Oberthür and Ott (2000, p. 248 and 128 ff.) this was apparently due to the fact that during the last break before the final voting took place, developing countries were focused on other agenda points and that overall the final compromises occurred in an environment of increasing exhaustion among the delegates. See also: Grubb, Michael/Vrolijk, Christiaan/Brack, Duncan: The Kyoto Protocol. A Guide and Assessment, London 1999, p. 87 ff.

results and the trend in overall emissions is heading in the wrong direction. At the end of the 1980s and in the 1990s, the German Parliament's Commission on the "Protection of the Atmosphere" took a close look at whether emissions trading was an effective tool for protecting the environment. The commission opted unanimously for an energy tax in lieu of a trading scheme.⁶

EMISSIONS TRADING DOES NOT REDUCE GREENHOUSE GAS EMISSIONS

The principle of emissions trading consists of setting a price signal, and thereby identifying the most cost-effective means of meeting a GHG emissions reduction target that has been prescribed by law, while the total amount of emissions is gradually reduced through tradable allowances.

The system goes back to the Canadian economist John Dales,⁷ who inspired the US trading scheme with SO₂ and NO_x permits, as laid down in the Clean Air Act of 1995.⁸ In the framework of climate policy, emissions trading was advocated and tested by the energy giants BP (formerly British Petroleum) and Shell.⁹

Under the EU emissions trading scheme, the reduction target is the result of political negotiations (within the framework of the annual conference of the parties, at the national level and that of the EU Council) and a forecast of future emissions of the industry segment covered by the scheme. If the forecasts for future emissions profiles prove too high or too low, there is little that can be done to correct the reduction target and adjust the available allowances. "The EU ETS is the world's only commodity market in which the demand fluctuates while the supply is fixed years in advance."¹⁰ This is one of the intrinsic weaknesses of the EU emissions trading scheme, and was responsible for the steep fall in the price of allowances that occurred in 2012.¹¹ Although in 2012, emissions in countries such as Germany and the UK were lower, current emissions figures indicate that not only are global emissions increasing¹² but that the consumption of fossil fuels, and coal in particular, has increased "because of cheap coal imports, the prices of CO₂ allowances, and the relatively high price of gas".¹³

The GHG reduction achieved in industrialized countries thus cannot be attributed to emissions trading, but mainly to a shift in energy policy such as the Renewable Energy Law in Germany; the on-going economic crisis, and the offshoring of heavy industrial production to the Global South.¹⁴ Within this context, European emissions trading has not provided a viable model.

THE TRAJECTORY OF EMISSIONS TRADING

A relatively high and stable price of CO₂ allowances is central to determining the trajectory of emissions trading. Instead the price is in a free fall due to a number of factors including weak economic output, weak production forecasts, and the energy and CO₂ traders themselves. In 2012 the majority of emissions allowance trades did not consist of purchases and sales between companies covered by the scheme, but were made by investors and market speculators who traded for pure profit and not to achieve emissions reduction targets. The bigger the price fluctuations the bigger the profit – meanwhile companies emphasize the need for reliable price forecasts to enable long-term investments.

Emissions trading makes climate policy dependent on market trends and market power, neither of which is mo-

tivated by an interest in climate protection. Rather, market trends are the result of forces using climate protection as a means for making money without enhancing climate protection itself. It is grossly negligent, however, given the magnitude of the problem, to expect the CO₂ market to facilitate a structural transformation of the energy economy through investments in a sustainable energy infrastructure aimed at moving away from the construction of new coal-fired power stations.

However, the oversupply of emission allowances and the possibility of purchasing additional credits from would-be emission reduction projects in developing countries (such as through the clean development mechanism) – all the more so since the criteria under the Kyoto Protocol regarding additional mitigation often go unmet and face little oversight.

In fact, emissions have increased somewhat because of this mechanism.¹⁵ The oversupply and the free allocation of allowances (for utilities until 2012 and for industrial installations until 2020) have led to a steep decline in the price of CO₂, which in turn has undermined incentives to decarbonize the economy. At the same time, the imagined "costs" of the implementation of the EU ETS (which never materialized due to allowances being handed out for free) were passed on to consumers, for example, through the price of electricity.¹⁶ In summary: emissions trading has not developed as hoped into a global trading system and has been further discredited by an abuse of international credits¹⁷ – which were neither backed nor verified by additional emission reductions – and by a number of auditing firms being suspended. The flawed construction of the European emissions trading scheme – evidenced above all by the "right to pollute", the transfer of costs to consumers, and the crediting options provided through emission reduction projects in developing countries (so-called offset mechanisms) – shows that:

- public funds are being wasted on a scheme that does not live up to its intended purpose;
- an economic model based on fossil fuel consumption has been extended;
- and emissions trading blocks effective climate policy.

Together with many NGOs we therefore conclude that eight years of persistent attempts by the European Union to build a functional and efficient emissions trading scheme have failed. The urgent need to drastically decrease GHG emissions requires a focus on reliable alternatives to emissions

⁶ Deutscher Bundestag. Bericht der Enquete-Kommission "Schutz der Erdatmosphäre", Schutz der Erde, Bonn 1990. ⁷ Dales, John Harkness: Pollution, Property and Prices, Toronto 1968. ⁸ Environmental Protection Agency: Clean Air Act, Washington D.C. 1990.

⁹ Schafhausen, Franz: Der Emissionshandel, das unbekannte Wesen, Köln 2007. ¹⁰ Set-aside necessary but not sufficient to save EU ETS – Deutsche Bank, 13.4.2012, see: <http://www.carbon-financeonline.com/index.cfm?section=lead&action=view&id=14434&linkref=cnews>. ¹¹ Kill, Jutta/Ozinga, Saskia/Pavett, Steven/Wainwright, Richard: Trading carbon: How it works and why it is controversial, Brussels 2010. ¹² World Energy Outlook 2012 from the International Energy Agency. ¹³ Point Carbon: Plans to exploit fossil fuels to force emissions 20 per cent higher, 22.1.2013, see: <http://www.pointcarbon.com/news/1.2149042?#ref=searchlist>. ¹⁴ Davis, Steven J./Caldeira, Ken: Consumption-based accounting of CO₂ emissions, in: PNAS, 107(12), 2010, pp. 5687–5692. ¹⁵ Wara, Michael: A Realistic Policy on International Carbon Offsets, Program on Energy and Sustainable Development Working Paper 74, April 2008, Stanford University. ¹⁶ The world's biggest steel manufacturer ArcelorMittal earned US\$200 million in 2012 from the sale of CO₂ allowances despite the steep drop in prices (in 2011, the profit was US\$ 93 million); see: <http://www.pointcarbon.com/news/1.2172009>; see also: Point Carbon Advisory Board: EU ETS Phase II – The potential and scale of windfall profits in the power sector, March 2008: <http://www.panda.org/index.cfm?uNewsID=129881>; see also: http://www.sandbag.org.uk/site_media/pdfs/reports/Sandbag_2011-06_fatcats.pdf. ¹⁷ The most recent examples are the final verdicts against employees of Deutsche Bank. The VAT carousel fraud amounted to more than €5 billion in lost tax revenue.

trading.¹⁸ This means the solution to ecological problems cannot come from an application of the same logic that has both produced and prolongs them: in other words, problems that have arisen by placing a price or an economic premium expressed in monetary value on nature and by unleashing capitalist competition in an arena that must involve limitation and reduced growth. We doubt that the “financialization” of nature, and in this context emissions trading, can meet the challenges of socio-ecological transformation. The focus must be placed instead not on emissions trading but on strategies for socio-ecological transformation and alternatives beyond the technocratic instruments of market logic.

ALTERNATIVES

After an initially promising phase of institutionalisation, today global climate change negotiations are at a dead-end. The Kyoto process and emissions trading, in particular, have never had the impact they were designed to have. The United States never ratified the Kyoto Protocol; Canada withdrew from the treaty in 2011; and Russia, Canada, Japan, and New Zealand will not be participating in a second commitment period. Furthermore, big emerging economies have never taken part.

An important conclusion can be drawn from the failed international negotiations and the experience with emissions trading: a new concentration on the input-side is needed – in particular with regards to coal, gas, and oil – as well as a focus on the whole cycle from sourcing, extraction, processing, transactions (at exchanges), and transport to consumption within logistical and industrial systems. “Extractivism” needs to be identified as what it is: an economic system adopted by much of the Global South in order to achieve a high return rate, to extract oil and gas in an “unconventional way” at high energy and chemical costs, and to serve the fossil fuel-based industrial production in the North and an exploitative, non-sustainable way of life,¹⁹ which stretches from personal transportation to factory farming, the main sources of GHG. The failure of international climate policy makes it clear that, despite their integration into a multi-layered political system, the national sphere and national self-interests remain of central and strategic importance to the development of sustainable and unsustainable policies.

Alternatives refer to a comprehensive transformation of this way of life and production. Since abandoning nuclear energy, the following options have been discussed: a sustainability law that would ban the development of new coal-fired power stations; limit the lifetime of existing power stations and step-by-step eliminate coal-based energy supplies.²⁰ This would go hand in hand with a ban on fracking. These initiatives are backed by broad swathes of the population, who are capable of being mobilized; similarly, these initiatives are also aspects of a civil society-based discourse on alternative growth models. In the past there have been “climate camps” at coal extraction sites and coal-fired power stations which served as starting points for direct action against the further expansion of environmentally destructive forms of energy production.²¹ Similar forms of local mobilization occur against fracking projects or carbon capture and storage projects. Here, as well as with the protests against the deforestation of rainforests and new airport construction, it is not about an abstract reduction in greenhouse gases, but about the direct consequences of coal, oil, and gas extraction in people’s communities and open spaces, and about

alternative forms of transport and ways of life.²² This is an indispensable part of a new model of progress, if a “post-fossil fuel” economy and society is to be built.

Alternatives must involve new models of growth and labour. It is a question of politics whether gains in productivity in industrialized countries are applied towards better quality of life (such as by ensuring less time at work) or more consumption. A comparative study of the United States and Western Europe by the Washington Center for Economic and Policy Research shows that – despite problems of measurement, and a substantial research gap – there is strong evidence of a positive link between reduced working hours and lower levels of CO₂-induced global warming. It is assumed that a yearly reduction in working hours by 0.5% until the year 2100 would reduce global warming by between a quarter and a half. We support these endeavours and advocate increasing their visibility as a means of increasing their viability, even though more alternatives still need to be developed.

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Translation: Zachary Rose.

¹⁸ See for instance, the call to action: “Time to scrap the ETS” (<http://scrap-the-euets.makenoise.org>; including a list of signatories). On the relationship between civil society and climate policy, see: Bedall, Philip/Brunnengräber, Achim: Internationale Klimapolitik in der Transformation. Die Zivilgesellschaft als Triebkraft?, in: Informationsbrief Weltwirtschaft & Entwicklung, Luxembourg, 4.11.2012: <http://www.weltwirtschaft-und-entwicklung.org>. ¹⁹ Brand, Ulrich/Wissen, Markus: Sozial-ökologische Krise und imperiale Lebensweise. Zu Krise und Kontinuität kapitalistischer Naturverhältnisse, in: Demirović, Alex/Dück, Julia/Becker, Florian/Bader, Pauline (eds): *ViefachKrise im finanzdominierten Kapitalismus*, Hamburg 2011, pp. 78–93; Brand, Ulrich/Wissen, Markus: Crisis and continuity of capitalist society-nature relationships. The imperial mode of living and the limits to environmental governance, in: *Review of International Political Economy*, 2013 (forthcoming). ²⁰ See Greenpeace: *Kohleausstiegsgesetz. Verteilung der Reststrommengen und Folgenabschätzung für den Kohlekraftwerkspark*, Hamburg 2012; Klaus, Sebastian/Beyer, Catharina/Jaworski, Piotr: *Allokationsmethoden der Reststrommengen nach dem Entwurf des Kohleausstiegsgesetzes*, Nürnberg 2012; *Bundestagsfraktion DIE LINKE, Kohleausstiegsgesetz nach Scheitern des EU-Emissionshandels*, 16.1.2013, <http://dipbt.bundestag.de/dip21/btd/17/120/1712064.pdf> Drs. 16/12064. ²¹ See: <http://www.klimacamp.org>. ²² See Bedall, Philip/Brunnengräber, Achim: Internationale Klimapolitik in der Transformation. Die Zivilgesellschaft als Triebkraft?, in: Informationsbrief Weltwirtschaft & Entwicklung, 4.11.2012, <http://www.weltwirtschaft-und-entwicklung.org>.

JUTTA KILL

ACTIVE CLIMATE PROTECTION MEANS ABOLISHING EU EMISSIONS TRADING

Both critics and supporters agree that the European Union emissions trading scheme introduced in 2005 is not working. They differ, however, over the causes of the scheme's failure and on options for reform of what is seen by many as the "pillar of EU climate policy".

As demonstrated in the position paper "Time to scrap the ETS",¹ emissions trading remains far from being "the most effective climate protection instrument in Europe". Rather, as the paper concludes, the ETS hinders active and effective climate protection and should be abolished. This position paper has to date been signed by over 250 organizations and stimulated a lot of discussion on the topic. This shows that, on the one hand, there is wide support for the analysis regarding the scheme's (non-reformable) structural shortcomings, on the other hand, to some extent, the same actors who are supportive of this analysis are also the ones advocating restructuring and reordering the EU ETS instead of dismantling it.

Below are our comments on the three main arguments.²

1. "Demanding an end to EU emissions trading reinforces the position of the oil and coal industries, undermines effective climate protection and empowers lobbies working against the EU Commission initiative to postpone the auctioning of 900 million EU allowances in order to reduce the surplus in allowances and to stop the steep fall in prices ('backloading')."

Among those trying to save the ETS are many large businesses, including the oil and energy giants Shell and Statoil, the Carbon Capture and Storage Association, E.ON, and Électricité de France. Finance sector brokers, certification and auditing firms, as well as validators and allowance traders also advocate intervention by the EU Commission to save the ETS. In one way or another, they all profit from the trade in fossil fuels, such as gas and coal, as well as from the trade in allowances, and in this way they have a direct interest in strengthening confidence in the collapsing market for emissions allowances.

However, these actors have less interest in ensuring that the European Union adopts effective measures to reduce greenhouse gas emissions. Yet such measures are necessary in order to mitigate the risk of out-of-control climate change and to pave the way for structural changes that will lead to the end of the industrial reliance on fossil fuels.

In contrast, the signatories to the position paper "Time to scrap the ETS" do not simply demand the abolishment of the ETS. Rather, they argue for a different approach to climate policy altogether in Europe, one that targets a real and fair restructuring of our energy infrastructure – the backbone of EU energy policy, production, and consumption – before climate change gets out of control and destroys the chance of implementing any such option.

The European Union has made a commitment to reduce the worldwide increase in temperature to an average of two

degrees Celsius. According to numerous scientists and the inhabitants of the areas hardest hit by climate change, there is a risk of uncontrollable climate consequences with an average increase in global temperatures of just 1.5 degrees Celsius. However, the goal of a maximum of a two degree increase in global temperatures can only be achieved through a withdrawal from the industrial reliance on fossil fuels. This would entail a ban on new coal-fired power stations in the European Union, as constructing new power stations would cement the dependency on fossil fuels for decades to come. In addition, the signatories of the position paper call for measures that would impose an obligation on companies to reduce greenhouse gas emissions at their point of origin. Enabling companies to buy themselves out of such obligations, as is the case with emissions trading (a means of paying others to supposedly reduce emissions somewhere else) can no longer be tolerated. The past eight years have proved that the EU emission trading is incapable of making a substantial contribution to the *Energiewende*. The call for ending the scheme comes with the understanding that coal and oil must be kept underground ("Keep the oil beneath the soil and the coal in the hole"). According to estimates from the International Energy Agency's "World Energy Outlook" this would have to be done with 70% of all known reserves if the two degree Celsius target is to remain within the realm of possibility.³ From the start, the EU ETS has hindered rather than enhanced the *Energiewende*. There are few indicators, if any, that the scheme has had any positive impact at all. On balance, eight years of the ETS regime has led to record profits for the biggest environmental polluters and EU climate malefactors – profits that have escalated environmental pollution and the generation of greenhouse gases instead of being used to take effective measures for climate protection or to finance the *Energiewende*, the end point of which can only be the total rejection of fossil fuels.⁴

2. "Emissions trading is the only realistic way of limiting climate change."

For eight years, the supporters of the EU ETS have repeatedly made the argument that the trade in pollution permits was the only means of implementing climate protection in the Eu-

¹ See: <http://scrap-the-euets.makenoise.org/english>. ² For a detailed assessment of EU emissions trading see "Trading Carbon. How it works and why it is controversial" at <http://www.fern.org/tradingcarbon>; "Performative Equations and Neoliberal Commodification" at <http://www.thecornerhouse.org.uk/resources/results/taxonomy:14>; "Green is the Colour of Money" at http://www.carbontradewatch.org/downloads/publications/EU-ETS_Report-web.pdf; and Altwater, Elmar/Brunnengräber, Achim (ed), *Ablasshandel gegen Klimawandel? Marktbasierete Instrumente in der globalen Klimapolitik und ihre Alternativen*, Reader des Wissenschaftlichen Beirats von Attac, Hamburg 2008. ³ Carbon Tracker Initiative, *Unburnable Carbon – Are the world's financial markets carrying a carbon bubble?*, March 2012, at <http://www.carbontracker.org/carbonbubble>. ⁴ Bruyn, Sander de/Markowska, Agnieszka/Nelissen, Dagmar, *Does the energy intensive industry obtain windfall profits through the EU ETS?* Delft 2010, at http://www.ce.nl/publicatie/does_the_energy_intensive_industry_obtain_windfall_profits_through_the_eu_ets/1038; Point Carbon Advisory Board: *EU ETS Phase II – The potential and scale of windfall profits in the power sector*, March 2008, at <http://www.panda.org/index.cfm?uNewsID=129881>.

ropean framework and in the framework of UN negotiations. However, in reality the EU ETS has fed the illusion that it was possible to bring about a critical *Energiewende* through a market and pricing instrument which increases the costs of emitting climate-changing gases. Yet history has shown that it is hopeless to expect fundamental social change – that effect not only the structures of energy production and distribution but the entire economic model and its basis – to be brought about through market mechanisms alone.⁵

Nonetheless, policy- and opinion-makers in the European Union continue to treat emissions trading as a basic tool for shaping the *Energiewende*. Worse still, efficient policy instruments in the EU, such as feed-in tariffs for renewable energy, the regulation of large combustion plants, or energy efficiency codes, have been weakened or stalled based on the argument that they would threaten the price of emissions allowances.⁶ Thus emissions trading must be seen against the backdrop of a change in environmental and nature protection policy that has shifted away from direct state intervention, and towards market-based instruments. Consequently, the call to abolish the EU ETS is also a battle against the expansion of the market in allowances trading, which some divisions of the European Commission currently wish to expand to policy fields such as biodiversity and water.

3. “Abolishing the EU ETS would constitute the failure of EU climate policy as a whole. This in turn would negatively impact on international climate negotiations that are currently at a stalemate. Hence, the end of the ETS would make further progress towards global climate protection even more difficult.”

The illusion that the EU ETS would provide a substantial contribution to climate protection cannot be endlessly indulged. Arguably, an absolute failure in EU climate policy would actually consist in dogmatically holding on to a dysfunctional tool, in other words, emissions trading, despite the fact that prices are once again plummeting, and regardless of all attempts at reform.

By contrast, in a situation where attempts to curb climate change through market mechanisms have evidently failed, immediately abolishing the ETS could encourage permanent withdrawal from fossil-fuel energy sources by boldly demonstrating that we take climate protection seriously. There is no justification for continuing with what is unquestionably a

failed “experiment”. To promote it and to finance its export to countries such as Vietnam or Mexico and to expand it to other areas of environmental policy such as forest protection, biodiversity, and water, in spite of the attendant risks and dangers involved, is, quite simply, malpractice.

Even supporters of the proposition to release 900 million emissions allowances later than scheduled, if not to annul them altogether, agree that this measure will have no substantial impact on the pricing of emissions allowances. A growing number of actors from the financial sector – including Deutsche Bank, Morgan Stanley, Crédit Agricole, and Barclays – charged with creating a liquid market for emissions allowances have in the meantime reduced or disbanded the teams they set up to do so. There is no reason to expect that withholding 900 million permits to pollute might secure a marketplace that is chaotic in every respect.⁷ The proposal to postpone the auctions is no means of forcing up the price of emissions allowances from the current 5 euros to between 30 and 50 euros: the price that supporters of emissions trading consider necessary to effectively dissuade polluters from expanding their use of fossil fuel energy sources. It is worth noting again that there is not a single example from recent economic history of commodity prices triggering a fundamental market shift, let alone a real *Energiewende*. This is currently particularly improbable, because the market is signalling that energy generation from coal is cheaper than investing in a meaningful *Energiewende*! Eight years of misfortune, malaise and melodrama in emissions trading are eight years lost on climate protection. It is high time to get rid of emissions trading!

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Translation: Zachary Rose.

⁵ Lipow, Gar W., *Solving the Climate Crisis through Social Change. Public Investment in Social Prosperity to Cool a Fevered Planet*, Westport 2012; Food and Water Watch Europe: *Pollution Trading – Cashing Out Our Clean Air and Water*, Washington D.C. 2012, at <http://documents.foodandwaterwatch.org/doc/EUPollutionTrading.pdf>. ⁶ Cf. <http://www.guardian.co.uk/environment/2007/aug/13/renewableenergy.energy>. ⁷ Cf. “EU CO₂ scheme a ‘regulatory omnishambles’” (19 November 2012), at <http://www.pointcarbon.com/news/1.2066142>.

**“SELL YOUR ISLANDS,
YOU BANKRUPT GREEKS”**
20 popular fallacies concerning the debt crisis
(also available in Greek and Finnish)
STEPHAN KAUFMANN

It's that time again! Greece needs more loans and the governments in Europe are arguing about whether it's really necessary and who should foot the bill. There is widespread opinion in Germany that Greece itself is to blame for the problems it now finds itself in. Many believe, that Greece cheated its way into the euro-zone, then its government spent too much, and the governed worked too little. Latent nationalist patterns of interpretation of this kind have been nourished by German politicians and the media, who have no end of proposals on how to “solve” the crisis. For example, the Greeks should save more, work more and sell their public property – and if none of these measures help, then Greece will just have to leave the euro-zone or declare itself bankrupt. The stupid thing is, the arguments about the causes of the crisis are incorrect and the proposed ways out of the crisis will not achieve their goal.

<http://www.rosalux.de/publication/37664>

luxemburg argumente no. 1
IS THE WHOLE WORLD GOING BANKRUPT?
Government debt: What it is and how it functions.
STEPHAN KAUFMANN and INGO STÜTZLE

The governments of the industrial countries have resolved to drastically save more money. This affects the poor in all countries, primarily in the form of social cuts. Why is this the case? Where does all this debt come from? Why do all states incur debt – even though it is generally considered to be something bad? And why not just cancel these debts, if the whole world is suffering under them? These are some of the questions that this brochure seeks to answer. It does not attempt to assert that government debt is actually not a problem. Rather, it attempts to demonstrate the purposes that government debt serves; when it becomes a problem, and for whom. Ultimately, questions of debt are questions of distribution: some people have to pay, while others benefit.

<http://www.rosalux.de/publication/38962>

luxemburg argumente no. 3
BEAUTIFUL GREEN WORLD
On the myths of a green economy
ULRICH BRAND

The green economy will stop climate change and the extinction of species and in so doing will create high growth rates and millions of jobs. It's seen as a miraculous weapon: it could stabilise global capitalism. And then capitalism would also become sustainable as well. But what is the green economy? Green economic policy parameters are supposed to ensure a flow of capital that makes markets and the economy “greener” and that ensures the creation of “green” jobs. Enterprises are to pay an “appropriate” price for environmental damage. And not least: the state is supposed to orient its public procurements to sustainability criteria and create sustainable infrastructures.

www.rosalux.de/publication/38457

Analysen
JUST MOBILITY
Post-fossil conversion and free public transport
MICHAEL BRIE and MARIO CANDEIAS

Crises create opportunities to set long-range goals for the future. A key question is that of urban mobility in a world in which the great majority of the world's population will soon live in cities of over a million inhabitants, many of them in metropolitan conurbations. Broadly speaking, there are two alternatives: one, the US system, of mobility that is centred on private, petrol-driven cars, can be ecologically modernized and expanded to embrace the globe by switching to electric-powered cars; or, two, public transport can be ecologized and made more flexible. For historical reasons, the factors determining which of these alternatives will be chosen are very different and path-dependent. Whereas rapid transit systems have largely disappeared from many US metropolises, European metropolises are characterized by mixed systems. In many metropolises in the southern hemisphere the car-based mobility of the rising middle classes coexists with the exclusion from urban mobility of large sections of the city-dwelling poor. Long-term experiments with a free-of-charge public transport system could act as a global model.

<http://www.rosalux.de/publication/38554>

Manuskripte Neue Folge 2
THE RADICAL LEFT IN EUROPE
“Revolution and coalitions” –
left-wing parties in Europe
BIRGIT DAIBER, CORNELIA HILDEBRANDT,
ANNA STRIETHORST (eds)

Some 60 organisations can be considered part of the “family” of left-wing political parties in Europe. This anthology includes 23 country reports reflecting development, political concepts and self-understandings, organisational structures, strategies and programmes. Under what conditions do radical left-wing parties compete successfully in the political spectrum? Do they address the building of counter-hegemonic societal alliances – or do they stay within their own “camps”? What are the answers to the existential issues of European development? And where can we find progressive transformational projects?

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